

OFFICIAL STATEMENT



SAN BERNARDINO COUNTY SERVICE AREA NO. 70
IMPROVEMENT ZONE C

San Bernardino County, California

\$500,000
1972 Water Bonds, Series A
(General Obligations)

[Horne + Yungberg, Inc.]
San Bern co. -- Economic bonds
Bonds -- CA -- San Bern co.
Waterworks -- " -- " -- Finance
San Bern co. -- water supply

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Bids to be received by the Clerk to the Board of Supervisors of San Bernardino County on or before 11:00 A.M., Monday, June 4, 1979, at the office of the Clerk to the Board of Supervisors, Second Floor, 175 West Fifth Street, San Bernardino, California.

Handwritten signature/initials

SAN BERNARDINO COUNTY, CALIFORNIA

Board of Supervisors of San Bernardino County

James L. Mayfield, *Chairman*

Robert O. Townsend, *Vice Chairman*

Robert Hammock

Dennis Hansberger

Cal McElwain

County Officials

Earl Goodwin, *County Administrative Officer*

Robert B. Rigney, *Environmental Improvement Agency Administrator*

Errol Mackzum,
County Auditor-Controller

V. Dennis Wardle,
County Clerk-Recorder

Alan Marks,
County Counsel

Joe Bell,
Treasurer-Tax Collector

John M. Bernard, *Director of Public Works*

County Personnel Connected With The Project

Department of Special Districts

Albert R. Reid, *Director*

Larry H. Hendon,
Chief Financial Division

Fred W. Grindle,
*Chief Systems Development
& Operations Division*

Vernon G. Knourek,
*Chief Operations &
Planning Division*

Office of County Counsel
Eugene L. Holder, *Chief Deputy County Counsel*

Professional Services

McIntire & Quiros, Inc., Monterey Park
Consulting Engineers

O'Melveny & Myers, Los Angeles
Bond Counsel

Stone & Youngberg Municipal Financing consultants, Inc.
Los Angeles and San Francisco
Financing Consultants

THE DATE OF THIS OFFICIAL STATEMENT IS MAY 21, 1979

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COUNTY OF
SAN BERNARDINO

County Civic Building - West
175 West Fifth Street
San Bernardino, CA 92415
(714) 383-1918

Earl Goodwin
Administrative Officer

Andree Disharoon
Clerk of the Board

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective purchasers of \$500,000 principal amount of general obligation bonds to be issued by the County of San Bernardino, County Service Area No. 70, Improvement Zone C.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultants in connection with the project, and the firm will receive compensation contingent upon the sale and delivery of bonds.

The legal opinion approving the validity of the Bonds will be furnished by O'Melveny & Myers, Los Angeles, California, Bond Counsel. Bond counsel's participation in the review of this Official Statement has been limited in nature (see "Legal Opinion").

At the time of payment for and delivery of the Bonds, the County will furnish the successful bidder a certificate signed by an appropriate officer of the County, acting in his official capacity, to the effect that to the best of his knowledge and belief and after reasonable investigation:

Neither the Official Statement nor any amendment or supplement to it contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations other than those contained in this Official Statement and any supplement or amendment, and if given or made, such information or representation must not be relied upon as having been authorized by the County.

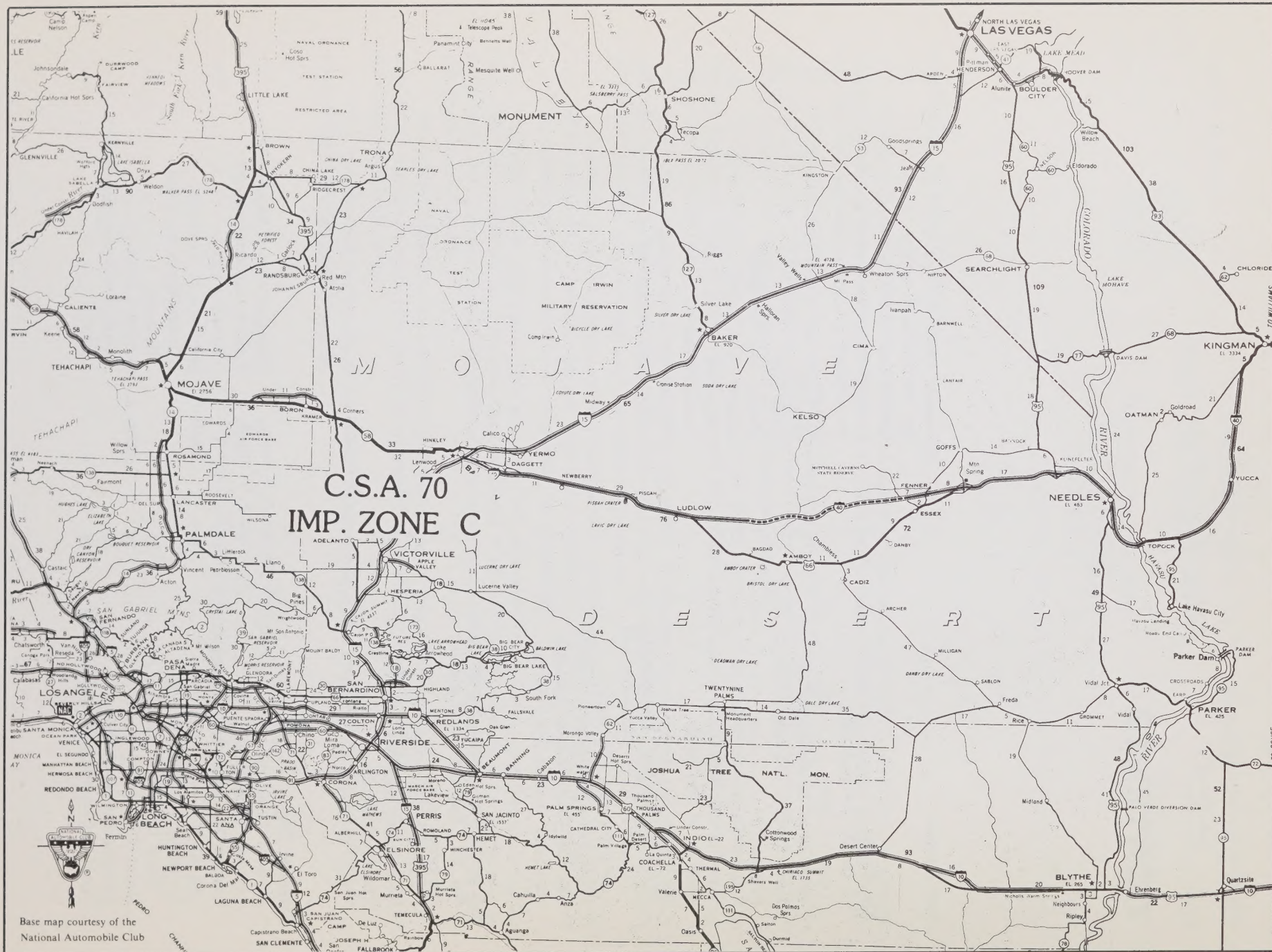
This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the bonds by a person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been authorized by the Board of Supervisors of the County of San Bernardino.

James L. Mayfield, Chairman
Board of Supervisors
County of San Bernardino

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San Bernardino County Service Area No. 70, Improvement Zone C in relation to Los Angeles and Las Vegas Metropolitan Areas.

INTRODUCTION

San Bernardino County Service Area No. 70, Improvement Zone C was organized on August 24, 1971 under Title 3, Division 2, Part 2, Chapter 2.2 of the Government Code of the State of California. ("County Service Area"). It was created to provide and acquire municipal water facilities for Silver Lakes, a 1648 acre master planned residential, recreational and resort-type community. Silver Lakes is located in Victor Valley along the Mojave River in the high desert region of San Bernardino County. It is 16 miles north of the City of Victorville, 116 miles northeast from metropolitan Los Angeles, 57 miles north of the City of San Bernardino and 179 miles southwest of Las Vegas, Nevada. Silver Lakes is accessible via National Trails Highway (old Rt. 66) to Interstate Freeway 15 or via Shadow Mountain Road to State Highway 395. Silver Lakes is at approximately 2700 foot elevation and records an average precipitation of about 5 inches. The monthly mean temperature is 45 degrees for winter, 58 degrees for spring, 82 degrees for summer and 64 degrees in the fall.

Silver Lakes land development project was originally undertaken by Dart Industries, Inc. The master plan recognizes the development of a maximum of 3073 parcels. All parcels have been sold and available parcels are resales. Currently there are 370 improved homesites and permits issued and homes under construction account for an additional 102 dwellings. Staff of the Silver Lakes Association have indicated that several developers are proposing to construct four condominium projects with over 226 dwelling units over the next two years.

Amenities operated and owned by the Silver Lakes Association include: a main recreation center with clubhouse including meeting rooms, four lighted tennis courts and two swimming pools; a sailing lake, 156 acres; a motor boat lake, 120 acres; a 27 hole golf course with driving range; the 32 acre Cottonwood natural park and wildlife preserve; a landscaped and equipped 3 acre park; and an equestrian center including barns, riding ring and fenced paddock area.

A 65 room Lodge (hotel) located adjacent to the golf course, is privately owned and includes a 160 seat restaurant-bar, a 60 seat meeting room, a pro shop and a 184 car parking lot. The South Lake Plaza commercial area has five tenants: a market, a realty, home furnishings store, a boutique and a beauty shop.

Bonds in the amount of \$5,000,000 have been authorized by voters within Improvement Zone C for the purpose of financing the acquisition and construction of water facilities. The \$500,000 - 1972 Water Bonds, Series A, currently being issued will finance the initial payment of an ultimate total \$4,325,000 purchase price of the completed water system constructed by Dart Industries, Inc., which serve all parcels within Improvement Zone C.

Improvement Zone C water system is owned and administered by the San Bernardino County Special Districts Department of the Environmental Improvement Agency, which is under the jurisdiction of the San Bernardino County Board of Supervisors. The Special Districts Department has established a crew of qualified licensed men for water and sewer system operations and maintenance.

The bonds are general obligations of Improvement Zone C and taxes may be levied without limitation as to rate or amount on all real property, and all personal property, except certain classes thereof, for the purpose of paying debt service on the bonds. The 1978/79 assessed valuation for County Service Area No. 70, Improvement Zone C was \$9,726,830.

Upon delivery of the 1972 Water Bonds, Series A, Improvement Zone C's direct debt will be \$500,000 or 5.2 percent of 1978/79 assessed valuation. Total direct and overlapping debt is estimated to be 21.71 percent of 1978/79 assessed valuation.

This official statement describes the bonds now being offered, the facilities and the economic characteristics of San Bernardino County Service Area No. 70, Improvement Zone C and adjacent area.

THE BONDS

Authority for Issuance

The \$500,000 principal amount of San Bernardino County Service Area No. 70, Improvement Zone C, 1972 Water Bonds, Series A, described in this official statement are general obligation bonds being issued pursuant to the provisions of a Resolution of the Board of Supervisors of San Bernardino County, adopted on May 21, 1979. Authority for issuance of the bonds is provided under the County Service Area Law of the California Government Code, commencing with Section 25210.1. The Series A bonds represent the first series of an authorization of \$5,000,000 approved at an election held within Improvement Zone C on March 14, 1972.

Terms of Sale

Bids for the purchase of the 1972 Water Bonds, Series A will be received by the Clerk of the Board of Supervisors of San Bernardino County on or before 11:00 a.m., Monday, June 4, 1979, at the office of the Clerk to the Board of Supervisors, Second Floor, 175 West Fifth Street, San Bernardino, California. Details of the terms of sale are included in the Official Notice Inviting Bids adopted May 21, 1979.

The maximum interest rate on the Bonds, approved at the March 14, 1972 election is seven percent (7%). Prospective purchasers are being offered the option of bidding on two alternate maturity schedules. Schedule 1 is a 20-year maturity schedule. Schedule 2 is a 15-year maturity schedule. The Board of Supervisors will award the bonds based on the lowest net interest cost bid on Schedule 1. Bids which specify Schedule 2 will be considered only in the event no bid specifying Schedule 1 is received.

Description of the Bonds

The bonds consist of \$500,000 principal amount, numbered A1 to A100 inclusive dated June 1, 1979, each bond in the denomination of \$5,000. Bonds are to mature and become payable in consecutive numeri-

cal order on June 1 of each year as shown in one of the following two maturity schedules to be selected by the Board of Supervisors following opening of bids.

SCHEDULE OF MATURITIES

Schedule 1		Schedule 2	
Maturity Date June 1	Principal Maturing	Maturity Date June 1	Principal Maturing
1980	\$10,000	1980	\$20,000
1981	15,000	1981	20,000
1982	15,000	1982	25,000
1983	15,000	1983	25,000
1984	15,000	1984	25,000
1985	15,000	1985	30,000
1986	20,000	1986	30,000
1987	20,000	1987	30,000
1988	20,000	1988	35,000
1989	25,000	1989	35,000
1990	25,000	1990	40,000
1991	25,000	1991	40,000
1992	25,000	1992	45,000
1993	30,000	1993	50,000
1994	30,000	1994	50,000
1995	35,000		
1996	35,000		
1997	40,000		
1998	40,000		
1999	45,000		

Interest will be payable annually the first year on June 1, 1980 and semiannually thereafter on December 1 and June 1 of each year.

Principal and interest are payable at the office of the Treasurer - Tax Collector of San Bernardino County, San Bernardino, California.

Redemption Provisions

Bonds, issued in accordance with Schedule 1 or Schedule 2, maturing on or before June 1, 1989 are not subject to call or redemption prior to their fixed maturity dates. Bonds maturing on or after June 1, 1990, are subject to call and redemption at the option of the Board of Supervisors, as a whole or in part, in inverse order of maturity on June 1, 1989, or any interest payment date thereafter.

Bonds of Schedule 1 or Schedule 2 which are subject to call and redemption prior to their fixed maturity dates are callable at the principal amount and

accrued interest to the date of redemption, together with a premium equal to one-quarter of one percent of said principal amount for each year and for any fraction of a year from the redemption date to the maturity date of the bonds.

Registration

The bonds will be coupon bonds and will be registrable only as to both principal and interest.

Legal Opinion

The legal opinion of O'Melveny & Myers, Los Angeles, California, Bond Counsel attesting to the validity of the bonds, will be supplied to the original purchasers of the bonds without charge. A copy of such legal opinion, certified by the Treasurer-Tax Collector of San Bernardino County, in whose office the original is to be filed, will be printed on each bond, without cost to the successful bidder.

The statements of law and legal conclusions set forth herein under the section titled "The Bonds" (excluding the paragraphs entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation"; "Proposed Constitutional Initiative Limiting Governmental Spending" and "Estimated Annual Bond Service") have been reviewed by bond counsel. Bond counsel's employment is limited to a review of the legal proceedings required for authorization of the bonds and to rendering an opinion as to the validity of the bonds from income taxation. The opinion of bond counsel will not consider or extend to any documents, agreements, representations, offering circulars, or other material of any kind concerning the bonds not stated in the paragraph to have been reviewed by Bond Counsel.

Tax Exempt Status

In the opinion of bond counsel, the interest on the bonds is exempt from income taxes of the United States of America under present Federal income tax laws and such interest is also exempt from personal income taxes of the State of California under present state income tax laws.

Purpose of the Bonds

The proceeds from the sale of the \$500,000 County Service Area No. 70, Improvement Zone C, 1972 Water Bonds, Series A, will be used to finance acquisition and construction of water facilities through-

out the Improvement Zone, as more fully described in this official statement under "Water Enterprise".

Security

The bonds are general obligations of Improvement Zone C of San Bernardino County Service Area No. 70 and the Board of Supervisors of San Bernardino County, has the power and is obligated to levy annual ad valorem taxes for payment of principal and interest on the bonds on all taxable property within the Improvement Zone C, subject to taxation, without limitation as to rate or amount.

1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation

On June 6, 1978, California voters approved Proposition 13 (the Jarvis-Gann Constitutional Initiative) which added Article XIII A to the California Constitution and restricts the taxing powers of California public agencies. The text of Proposition 13, Now Article XIII A of the California Constitution, as amended, is as follows:

"Section 1.

(a) The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent (1%) tax is to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2.

(a) The full cash value means the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975-76 full cash value may be reassessed to reflect that valuation. For purposes of this section, the term "newly constructed" shall not include real property which is reconstructed after a disaster, as declared by the Governor, where the fair market value of such real property, as reconstructed, is comparable to its fair market value prior to the disaster.

(b) The full cash value base may reflect from year to year the inflationary rate not to exceed 2 percent for any given year or reduction as shown in the consumer price index or comparable data for the area under jurisdiction, or may be reduced to reflect substantial damage, destruction or other factors causing a decline in value.

Section 3.

From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property or, sales or transaction taxes on the sales of real property may be imposed.

Section 4.

Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district may impose special taxes on such districts, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

Section 5.

This article shall take effect for the year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6.

If any section, part, clause or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect."

Supreme Court Validation—On September 22, 1978, the California Supreme Court upheld the validity of Article XIII A against a number of challenges which attacked Proposition 13 as a whole (*Amador Valley Joint Union High School District v. State Board of Equalization*). The Court found that it was premature to rule on the claim that Article XIII A impermissibly interfered with contracts in violation of the U.S. Constitution, stating that such a challenge must come when a specific contract or obligation is impaired. In addition, the Court left open for future decision many other questions regarding the detailed interpretation and implementation of Article XIII A.

Implementing Legislation—Section 1 of Article XIII A limits the maximum ad valorem tax on real property to one percent (1%) of full cash value (as

defined in Section 2 of Article XIII A), to be collected by the counties and apportioned according to law. Excluded from this limit is an amount of taxes or special assessments to pay interest and redemption charges on any indebtedness approved by the voters prior to July 1, 1978 (the effective date of Article XIII A).

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 assessed valuation (based on the prior practice of using 25 percent of full cash value as the assessed value for tax purposes).

Since taxes to meet debt service on bonds previously approved by the electorate are specifically excluded from the tax limitation, the amendment will have no effect on the security of the bonds currently being offered for sale.

Proposed Constitutional Initiative Limiting Governmental Spending

Petitions seeking to place a governmental appropriations limitation initiative (the "Initiative") on the ballot for the next general or special statewide election and signed by the requisite number of registered voters have been filed with the California Secretary of State.

If submitted to and approved by the voters, this measure would add provisions to the California Constitution which would, among other things, limit the annual appropriations of the state government and any city, county, city and county, school district, special district, authority or other political subdivision of or within the state to the amount of appropriations of the entity for the prior fiscal year, as adjusted for changes in the cost of living, changes in population and changes in services rendered by the entity ("appropriations subject to limitation"). This measure excepts from appropriations subject to limitation "debt service" which is defined in the Initiative to include "appropriations required to pay the cost of interest and redemption charges . . . on indebtedness existing or legally authorized as of January 1, 1979." The Bonds were authorized at a special election held on March 14, 1972. Although taxes levied and collected for payment of the Bonds may constitute "Proceeds of Taxes" (as defined in said Initiative), and are therefore appropriations subject to limitation, such

taxes are excepted from the provisions of the Initiative as debt service for indebtedness legally authorized prior to January 1, 1979.

The County can neither predict whether or not the Initiative will be approved by the voters nor whether or not the validity of the Initiative will, if thereafter challenged, be upheld, in whole or in part, by the courts.

Estimated Annual Bond Service

Table 1 presents schedules of estimated annual bond service for the 1972 Water Bonds, Series A based upon a maximum interest rate of seven percent. Schedule 1 reflects a 20-year redemption schedule and Schedule 2 reflects a 15-year redemption schedule. The final schedule will be determined at the time of sale of the Bonds.

Table 1

SAN BERNARDINO COUNTY SERVICE AREA NO. 70 IMPROVEMENT ZONE C \$500,000 - 1972 WATER BONDS, SERIES A - Estimated Annual Bond Service

SCHEDULE 1

Year Ending June 1	Bonds Outstanding	Estimated Interest @ 7%	Principal Maturing	Total Bond Service
1980	\$500,000	\$ 35,000	\$ 10,000	\$ 45,000
1981	490,000	34,300	15,000	49,300
1982	475,000	33,250	15,000	48,250
1983	460,000	32,200	15,000	47,200
1984	445,000	31,150	15,000	46,150
1985	430,000	30,100	15,000	45,100
1986	415,000	29,050	20,000	49,050
1987	395,000	27,650	20,000	47,650
1988	375,000	26,250	20,000	46,250
1989	355,000	24,850	25,000	49,850
1990	330,000	23,100	25,000 ¹	48,100
1991	305,000	21,350	25,000 ¹	46,350
1992	280,000	19,600	25,000 ¹	44,600
1993	255,000	17,850	30,000 ¹	47,850
1994	225,000	15,750	30,000 ¹	45,750
1995	195,000	13,650	35,000 ¹	48,650
1996	160,000	11,200	35,000 ¹	46,200
1997	125,000	8,750	40,000 ¹	48,750
1998	85,000	5,950	40,000 ¹	45,950
1999	45,000	3,150	45,000 ¹	48,150
Total		\$444,150	\$500,000	\$944,150

SCHEDULE 2

1980	\$500,000	\$ 35,000	\$ 20,000	\$ 55,000
1981	480,000	33,600	20,000	53,600
1982	460,000	32,200	25,000	57,200
1983	435,000	30,450	25,000	55,450
1984	410,000	28,700	25,000	53,700
1985	385,000	26,950	30,000	56,950
1986	355,000	24,850	30,000	54,850
1987	325,000	22,750	30,000	52,750
1988	295,000	20,650	35,000	55,650
1989	260,000	18,200	35,000	53,200
1990	225,000	15,750	40,000 ¹	55,750
1991	185,000	12,950	40,000 ¹	52,950
1992	145,000	10,150	45,000 ¹	55,150
1993	100,000	7,000	50,000 ¹	57,000
1994	50,000	3,500	50,000 ¹	53,500
Total		\$322,700	\$500,000	\$822,700

¹ Callable on or after June 1, 1989.

SAN BERNARDINO COUNTY SERVICE AREA NO. 70 - IMPROVEMENT ZONE C

Organization

San Bernardino County Service Area No. 70, Improvement Zone C was formed on August 24, 1971 by resolution of the Board of Supervisors of San Bernardino County. The establishment of Improvement Zone C is authorized by Section 25210.1 of the Government Code of the State of California and provides for the assessment of the cost of services against property within the zone. The resolution provided the Improvement Zone with powers for water production, storage and distribution.

Improvement Zone C receives fire protection service as part of County Service Area No 38. Located within Zone C is a modern fire alarm system, a fire station, a 500 gallon pumper and is staffed by paid-call volunteers. Sewer service is provided as a part of County Service Area No. 70, Improvement Zone B. Police service is under the San Bernardino County Sheriff's Department.

Improvement Zone C water system is administered by the San Bernardino County Special Districts Department of the Environmental Improvement Agency, which is under the jurisdiction of the San Bernardino County Board of Supervisors. The Special District's Department has established a crew of qualified licensed men for water and sewer system operations and maintenance serving several independent Improvement Zones who are backed up by the highly skilled and experienced staff of the Special Districts Department. The crew performs water quality testing, emergency 24 hour seven day repair service, flushing, billing and sampling. Each improvement zone is charged their proportionate costs on a man hour services rendered basis.

Location

San Bernardino County Service Area 70, Improvement Zone C is located in Victor Valley along the Mojave River gateway to the high desert region of San Bernardino County. Silver Lakes, a residential, recreational and resort-type community located within Improvement Zone C is 16 miles north of the City of Victorville, a community of over 13,000 people. Silver Lakes is at approximately 2700-foot elevation and encompasses an area of approximately 1700 acres. The area records an average precipitation of about 5 inches per year. The monthly mean temperature is 45 degrees for winter, 58 degrees for spring, 82 degrees for summer and 64 degrees for fall. Silver Lakes is accessible via National Trails Highway (old Rt. 66) to Interstate Freeway 15 or via Shadow Mountain Road to State Highway 395. The area is 116 miles northeast from metropolitan Los Angeles, 57 miles north of the City of San Bernardino and 170 miles southwest of Las Vegas, Nevada.

Community Facilities

All the recreational facilities, with the exception of the Lodge complex are owned, operated and maintained by the Silver Lakes Association. Amenities include a main recreation center with clubhouse including meeting rooms, four lighted tennis courts and two swimming pools; a sailing lake and a motor boat lake, 156 acres and 120 acres; a 27 hole golf course, with driving range; the 32 acre Cottonwood natural park and wildlife preserve; a landscaped and equipped 3 acre park; and an equestrian center including barns, riding ring and fenced paddock area.

The 65 room Lodge (hotel) is privately owned and includes a 160 seat restaurant-bar, a 60 seat meeting room, a golf course pro shop and a 184 car parking lot. The South Lake Plaza commercial area has five tenants: Lakeside Market, Interpol Realty, Aggie's Home Furnishings, Silver Lining Boutique and J.J.'s Beauty Shop. Silver Lakes Association staff has indicated plans are being prepared for additional commercial development and applicants include a restaurant, laundromat, ice-cream coffee shop, bakery, gourmet gift shop, hardware store and gas station.

All roads have been completed and paved. Major trafficways have 100-foot rights-of-way and 72-foot paved sections. Secondary roads have 66-foot rights-of-way and 44-foot paved surfaces and local service streets 60-foot rights-of-way with 36-foot wide travelway section. They have been dedicated to and

accepted by the County of San Bernardino for maintenance.

School sites are reserved for possible future acceptance by the school district. Southern California Edison Co. provides electric service, Continental Telephone Co. of California provides telephone service and Southwest Gas Corporation provides natural gas service in the Improvement Zone.

A sewer system owned, maintained and operated by San Bernardino County Service Area No. 70, Improvement Zone B serves all parcels within the Silver Lake community. The 250,000 gallon per day full secondary treatment plant is located on an 80 acre site and utilizes the activated sludge method of treatment. The fenced treatment plant includes a general maintenance building including lab and blower equipment utilized in the extended air process. Effluent is disposed through spray irrigation. The Improvement Zone leases a 40 acre fenced area adjacent to the treatment plant to B & G Turf Farms, Inc. who utilize effluent in the growing of turf. The sewerage collection and transport system is composed of 4 to 30 inch diameter sewer lines, manholes, force mains and lift stations. The entire system was originally constructed by Dart Industries, Inc. in accordance with the standards and specifications of San Bernardino County. The system was completed in 1971.

The Development

Silver Lakes land development project was originally undertaken in 1970 by Dart Industries Inc., a world-wide diversified consumer and consumer-related product company. In December 1974, Dart

Industries Inc. transferred its interests in the development to M.P.I., a wholly owned subsidiary of McCulloch Oil Corporation. Because of inflation, financing difficulties and uncertainties surrounding increased governmental regulation of land developers, McCulloch Oil Corporation adopted a plan effective September 30, 1976 to withdraw from the land development business and to confine its future activities to completing existing projects. All parcels within the development have been sold and available parcels are resales. McCulloch Oil Corporation has divested itself of the Silver Lakes project. The master plan recognizes the development of a maximum of 3073 parcels. The tabulation below summarizes the various recorded tracts, their areas and the number of parcels under various land use classifications.

Currently there are 370 improved homesites. Permits issued and homes under construction account for an additional 102 dwellings. Staff of the Silver Lakes Association have indicated permits, plans and schedules are being prepared by several developers to construct four projects of high density condominiums with the next two years. Construction will begin June, 1979 on the first phase (23 condominiums) of a \$6 million development called Silver Lakes Shores. An additional 60 units are scheduled for construction later in the year.

Silver Lakes have been planned to provide equestrian lots, corral front lots, lake front lots, golf course lots and neighborhood lots. Prices for lots on the market range from \$7,000 to \$50,000 each and homes from \$60,000 to \$80,000 with a few available for over \$100,000. All parcels have been sold through December 1977.

Lot Tabulation

Tract No.	Area	New Streets Linear Feet	R-1 Lots	High Density Lots	Comm. Lots	Mixed Lots	Total Lots
8311	114 Ac.	20,500 Ft.	352	-	-	1	353
8312	188	20,000	450	2	1	1	454
8313	87	15,500	231	-	-	1	232
8314	142	13,000	-	100	2	3	105
8315	208	9,900	259	2	1	-	262
8316	205	17,700	290	1	-	1	292
8317	160	18,700	318	-	-	-	318
8318	148	13,200	197	-	-	2	199
8319	178	20,500	398	-	-	-	398
8320	218	23,750	456	-	3	1	460
Total	1,648 Ac.	172,750 Ft.	2,951	105	7	10	3,073

Water Enterprise

San Bernardino County Service Area No. 70, Improvement Zone C owns and operates a water system which serves the Silver Lakes community. Source of water is from 2 deep wells with 1000 gallon per minute capacity. Storage of 1 million gallons is distributed to two pressure zones through 32 miles of 4 to 16 inch asbestos cement distribution lines. The entire Silver Lakes community is served by 2 by 2½ inch dry barrel hydrants. The entire system was originally constructed by Dart Industries, Inc. in accordance with the standards and specifications of San Bernardino County. The system was completed in 1971.

A water system purchase and sale agreement was executed by Dart Industries, Inc. and San Bernardino County Service Area No. 70 on August 24, 1971. The reimbursable cost of construction of the water facilities was the total construction costs of various system elements. It also included conveying 5,000 acre feet per year water rights. The following tabulation summarizes water system construction expenditures by Dart Industries, Inc. The maximum reimbursement was limited to \$4,325,000 for the sewer facilities.

Water System Costs

Water rights	-
Wells	\$ 238,800
Reservoirs	264,000
Pipelines	2,009,200
Fire hydrants	254,500
Water services	477,100
Engineering, Incidentals	1,077,670
Total cost	\$4,321,270
Maximum Reimbursement	\$4,325,000

The company transferred fee title to all of the water facilities to the County Service Area upon completion. The \$500,000 1972 Water Bonds, Series A being offered for sale will be utilized to make the first payment to Dart Industries, Inc. for the water system plus incidental costs of issuance.

The sewer and water reimbursement agreement contains several limitations and conditions. The County Service Area has no obligation to purchase the sewer and water facilities or reimburse the company until the assessed valuation, subject to taxation,

of the Improvement Zone is a minimum of \$8,000,000 and payments for bond service for acquisition of the sewer and water systems shall not require a tax rate in excess of \$2.00 per \$100 assessed valuation unless this provision is waived by the County Service Area. The 1977/78 assessed valuation was greater than \$8,000,000. County Service Area 70, Improvement Zone B sold \$1,550,000-1972 Sewer Bonds to acquire the entire sewer system in May 1978.

The 1978/79 assessed valuation of Improvement Zone C, which overlaps Improvement Zone B, was \$9,726,830 and a \$2.00 per \$100 assessed valuation tax rate will support the Bonds being offered together with the outstanding \$1,550,000-1972 Sewer Bonds, Series A. It is projected, as assessed valuation increases, additional authorized 1972 Water Bonds will be offered for sale on an annual basis until Dart Industries, Inc. has been reimbursed for the water system in accordance with provisions of the acquisition and reimbursement agreement.

County Service Area No. 70, Improvement Zone C levies a quarterly billing for water service. The history of water permits issued includes: 85 permits issued through January 1, 1976; 120 permits issued for calendar year ending January 1, 1977; 110 permits issued for the twelve months ending January 1, 1978; 137 permits in calendar year 1978 and 20 permits through April 6, 1979. The following tabulation summarizes the current water service charges levied against customers within the zone.

Water Service Charge

Quantity Charge

Water supplied through meters is charged a quantity rate of \$0.35 per 100 cubic feet.

Minimum Charge

Meter Size	Monthly Charge
1 inch	\$ 5.00
1½ inch	24.00
2 inch	33.00
3 inch	51.00
4 inch	66.00
6 inch	90.00
8 inch	120.00
12 inch	150.00

The minimum monthly charge entitles the consumer to the quantity of water which that charge will purchase at the quantity rate.

FINANCIAL DATA

Basis of Taxation

Commencing with the 1978/79 fiscal year, Article XIII A of the State Constitution, which was enacted by the passage of Proposition 13 at the June 6, 1978 state-wide election, limits ad valorem property taxes in the State of California to one percent of market value, except for taxes to meet debt service on bonds approved by the electorate prior to July 1, 1978, which may be levied without limitation as to rate or amount.

Market value is based on appraised values as of the 1975/76 fiscal year, except in the case of newly constructed property or property which changes ownership, which properties will be assessed as of the date of construction or of an ownership change. Thereafter values may be increased by not more than two percent per year to reflect inflation.

Article XIII A also provides that additional State taxes (except taxes on property or property transfers) may be imposed, but only by a two-thirds majority of the State Legislature, and local governments may impose new taxes (except taxes on property or property transfers), but only with the approval of two-thirds of the electorate.

Assessed Valuations

The San Bernardino County Assessor determines the assessed valuation of property for ad valorem property taxes levied by the County and by cities, school districts and special districts within the County, except for public utility property, which is assessed by the State Board of Equalization.

Under California State Law, there exist two types of exemption of property from ad valorem taxes. One exempts 50 percent of the value of business inventories from ad valorem taxes. The other currently provides for an exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling if the owner files for the exemption. Under a recently enacted Constitutional Amendment, the California legislature can raise this exemption. Revenue estimated to be lost to each taxing entity as a result of

such exemption is reimbursed to the taxing entity from state funds. The reimbursement is based upon total taxes which will be due on the assessed valuation of the property qualifying for these exemptions, without allowance for delinquencies.

The following table shows the 1978/79 assessed valuation of San Bernardino County before and after giving effect to state reimbursed exemptions.

SAN BERNARDINO COUNTY

1978/79 Assessed Valuation ¹

Tax Roll	Taxable Assessed Valuation	Homeowners and Business Inventory Exemptions	Assessed Valuation for Revenue Purposes
Secured . . .	\$2,420,955,085	\$305,877,255	\$2,726,832,340
Utility	379,162,905	122,945	379,285,850
Unsecured	207,887,485	58,591,035	266,479,520
Total . . .	\$3,008,005,475	\$364,591,235	\$3,372,596,710

¹ Adjusted for Redevelopment Agencies unsecured valuations.

Source: San Bernardino County Auditor-Controller.

Following is a summary of the total assessed valuations for revenue purposes of San Bernardino County over the past ten years.

SAN BERNARDINO COUNTY

Assessed Valuations for Revenue Purposes ¹

Fiscal Year	Assessed Valuation for Revenue Purposes	Percent Increase over Previous Year
1969/70	\$1,493,706,700	- %
1970/71	1,581,887,757	5.9
1971/72	1,799,178,600	13.7
1972/73	1,934,072,640	7.5
1973/74	2,070,347,660	7.1
1974/75	2,216,684,855	7.1
1975/76	2,358,744,782	6.4
1976/77	2,558,840,730	8.5
1977/78	3,012,968,950	17.7
1978/79	3,372,596,710 ²	11.9

¹ The figures do not include the incremental assessed valuation of property within redevelopment project areas.

² Adjusted for Redevelopment Agencies unsecured valuations only.

Source: San Bernardino County Auditor-Controller.

The following table shows the 1978/79 assessed valuation of CSA No. 70 Improvement Zone C, a special district of the county within which the community of Silver Lakes is located.

**COUNTY SERVICE AREA NO. 70
IMPROVEMENT ZONE C**

1978/79 Assessed Valuation

Tax Roll	Taxable Assessed Valuation	Homeowners and Business Inventory Exemptions	Assessed Valuation for Revenue Purposes
Secured	\$8,259,040	\$172,550	\$8,431,590
Utility	1,227,650	-	1,227,650
Unsecured ..	60,855	6,735	67,590
Total	\$9,547,545	\$179,285	\$9,726,830

Source: San Bernardino County Auditor-Controller.

Following is a summary of total assessed valuations for revenue purposes of CSA 70, Improvement Zone C for the past six years. The 1975/76 decrease is a result of reassessment after transfer of all Dart Industries Inc. interests in the Silver Lakes project to McCulloch Oil Corp.

**COUNTY SERVICE AREA NO. 70
IMPROVEMENT ZONE C**

Assessed Valuation

Fiscal Year	Assessed Valuation for Revenue Purposes
1973/74	\$2,962,580
1974/75	5,631,835
1975/76	2,813,835
1976/77	7,169,340
1977/78	8,646,010
1978/79	9,726,830

Source: San Bernardino County Auditor-Controller.

Secured Tax Levies and Delinquencies

A seven year record of secured tax levies and delinquencies for taxes levied by all taxing entities in San Bernardino County is shown in the following tabulation.

SAN BERNARDINO COUNTY

Secured Tax Levies, and Delinquencies

Fiscal Year	Secured Tax Levy	Delinquency (as of June 30)	
		Amount	Percent
1971/72	\$184,084,249	\$4,644,861	2.52%
1972/73	202,922,066	6,031,726	2.97
1973/74	192,009,893	6,461,464	3.36
1974/75	206,715,777	8,072,681	3.90
1975/76	226,590,912	7,868,540	3.47
1976/77	248,281,983	6,950,634	2.80
1977/78	284,499,565	7,072,292	2.49

Source: San Bernardino County Auditor-Controller.

The record of secured tax levies and delinquencies for taxes levied by all taxing entities in CSA 70, Improvement Zone C is shown in the following tabulation. The 1978/79 total secured tax levy for Code Area 78005 within Zone C is \$1,011,147.

**COUNTY SERVICE AREA NO. 70
IMPROVEMENT ZONE C**

Secured Tax Levies and Delinquencies

Fiscal Year	Secured Tax Levy	Delinquency (as of June 30)	
		Amount	Percent
1973/74	\$ 381,727	\$ 333	0.1%
1974/75	543,190	823	1.5
1975/76	286,240	55	-
1976/77	744,817	25,069	3.4
1977/78	1,014,174	77,024	7.6

Source: San Bernardino County Auditor-Controller.

Tax Rates

The County of San Bernardino provides for the assessment and collection of taxes in the County. Taxes for the County and for the cities, special districts, and school districts within the County appear on the same bill. Secured taxes are assessed on March 1, are payable November 1 and February 1, and become delinquent on December 10 and April 10. Taxes on properties assessed on the unsecured

roll are assessed and are payable on March 1, and become delinquent on August 31.

In the past, property in CSA 70, Improvement Zone C has been subject to taxation at varying rates by the County, the school districts and other special districts. As a result of the passage of Proposition 13, the maximum tax rate for all taxing agencies is \$4 per \$100 assessed valuation plus rates needed to meet debt service on outstanding general obligation bonds.

The total San Bernardino County tax rate for the 1978/79 fiscal year is \$4.00 per \$100 assessed valuation. The tax rate for the 1978/79 fiscal year of CSA 70, Improvement Zone C is \$0.00 per \$100 assessed valuation. Revenue for debt service of the

bonds currently being offered will be obtained from a tax levy commencing in 1979/80.

The community of Silver Lakes is located within CSA 70, Improvement Zone C, a special district of the County. CSA 70, Improvement Zone C consists of the Tax Code Areas 78005, 78009 and 78013. The 1978/79 assessed valuation for revenue purposes of Tax Code area 78005 is \$9,565,885 which represents 98 percent of the total assessed valuation for CSA 70, Improvement Zone C. Tax Code Area 78005 has a total tax rate of \$5.3799 per \$100 assessed valuation for 1978/79. Tax rates per \$100 assessed valuation for the Tax Code Area 78005 for the past five years are shown below.

TAX CODE AREA 78005

Tax Rates per \$100 Assessed Valuation

Agency	1974/75	1975/76	1976/77	1977/78	1978/79 ¹
County	\$3.1466	\$ 3.1466	\$ 3.1616	\$ 2.8356	\$4.0000
Schools	4.7317	4.6378	5.7449	5.5450	0.1939
CSA 70 Improvement Zone C ..	0.4795	0.3576	-	-	-
Other Special Districts	1.4701	2.6177	1.7498	3.7569	1.1860
City	-	-	-	-	-
Total Rate	\$9.8279	\$10.7597	\$10.6563	\$12.1375	\$5.3799

¹ See discussion of Proposition 13, Tax rates include levies to pay "indebtedness approved by the voters," in conformance with provisions of Proposition 13.

Source: San Bernardino County Auditor-Controller.

Revenues, Expenditures and Fund Balances

expenditures for the fiscal years 1973/74 through 1977/78 for San Bernardino County. The tabulation on the following page shows changes in fund balances for the fiscal year 1977/78 for the County.

Table 2 below shows a summary of revenues and

Table 2
SAN BERNARDINO COUNTY
Summary of Revenues and Expenditures

Fiscal Year:	1973/74	1974/75	1975/76	1976/77	1977/78
REVENUES:					
Property Taxes	\$ 57,069,487	\$ 59,760,893	\$ 65,385,171	\$ 71,072,164	\$ 76,131,030
Other Taxes	8,055,233	8,740,931	9,014,592	9,974,536	12,012,432
Licenses and Permits	1,200,444	1,234,898	2,431,619	3,766,061	5,406,424
Fines and Penalties	3,695,864	4,261,466	4,256,630	4,396,467	4,909,597
Use of Money and Property ..	3,581,393	4,893,455	4,912,184	3,830,959	4,151,449
From Other Government					
Agencies	90,884,868	94,501,055	109,433,918	130,391,673	144,548,686
Service Charges	23,392,228	6,387,962	9,256,158	13,611,409	19,052,683
Other	2,430,313	5,353,364	1,260,043	3,106,885	1,345,576
Total	\$190,309,830	\$185,134,024	\$205,960,315	\$240,150,154	\$267,577,877
EXPENDITURES:					
General Government	\$ 28,188,701	\$ 29,631,791	\$ 31,630,256	\$ 30,084,792	\$ 41,901,460
Public Safety	38,086,251	44,781,734	47,070,211	53,509,637	61,112,234
Public Ways and Facilities ...	12,979,019	11,087,829	12,157,301	11,664,214	16,933,844
Health and Sanitation ¹	8,618,746	20,751,663	19,925,630	26,969,827	30,126,697
Public Assistance ¹	90,808,990	69,133,323	87,593,674	98,940,221	117,396,845
Education	3,168,990	3,548,484	3,766,406	4,012,142	4,564,750
Recreation	2,064,806	1,631,311	1,432,061	2,109,746	2,420,196
Debt Service	522,836	384,609	656,010	522,081	28
Total	\$184,438,339	\$180,950,744	\$203,601,549	\$227,812,660	\$274,456,054

¹ Beginning with the 1974/75 fiscal year, expenditures for hospital care were included under Health and Sanitation. Prior to that time, they were included under Public Assistance.

Source: State Controller's Reports.

SAN BERNARDINO COUNTY
Changes in Fund Balance Available
Fiscal Year 1977/78

	Total	General Fund	Roads	Library	Special Revenue
Fund Balance - June 30, 1978 ..	\$ 37,176,414.53	\$ 12,899,701.81	\$ 2,086,736.08	\$ 57,856.27	\$22,132,120.37
Increases: Fiscal Year 1977-78					
Revenues	\$267,557,873.24	\$236,493,936.54	\$12,083,095.45	\$3,476,690.31	\$15,504,150.94
Inter-Fund Transfers	40,762,867.01	18,465,561.87	-	-	22,297,305.14
Adjustment to Cash Balance ..	65.43	65.43	-	-	-
Repayment of C.S.D. Loan ..	80,000.00	80,000.00	-	-	-
Reduction in Loans					
Receivable Reserve	112,842.00	25,842.00	87,000.00	-	-
Transfer Bond Liability to					
Fund #053	46.25	46.25	-	-	-
Increase in Investment -					
Motor Pool	9,497.01	-	9,497.01	-	-
Decrease in Reserve for					
Encumbrances	5,177,394.22	-	-	19,428.17	5,157,966.05
TOTAL INCREASES	\$313,700,585.16	\$255,065,452.09	\$12,179,592.46	\$3,496,118.48	\$42,959,422.13
Decreases: Fiscal Year 1977-78					
Expenditure	\$274,456,055.21	\$238,530,695.80	\$10,632,142.88	\$3,463,167.87	\$21,830,048.66
Increase in Reserve for					
Encumbrances	6,057,200.75	4,032,648.91	1,451,782.68	-	572,769.16
Increase in Imprest Cash					
Reserve	1,305.00	495.00	340.00	470.00	-
Increase in Revolving Fund					
Reserve	1,000.00	1,000.00	-	-	-
Increase in IGS Advances					
Reserve	3,949,200.90	3,944,199.90	5,001.00	-	-
Adjustment to Accrued Payroll	27,718.88	27,718.88	-	-	-
Inter-Fund Transfers	52,104,487.55	10,766,529.75	-	-	41,337,957.80
Matching Funds to Fund #167	183,140.10	183,140.10	-	-	-
Reduction in Inventory - Garage	4,496.01	-	4,496.01	-	-
Bond Liability Due and Unpaid	18.75	18.75	-	-	-
TOTAL DECREASES	\$336,784,623.15	\$257,486,447.09	\$12,093,762.57	\$3,463,637.87	\$63,740,775.62
Fund Balance Available -					
June 30, 1978	<u>\$ 14,092,376.54</u>	<u>\$ 10,478,706.81</u>	<u>\$ 2,172,565.97</u>	<u>\$ 90,336.88</u>	<u>\$ 1,350,766.88</u>

Source: San Bernardino County 1977/78 Financial Report.

County Service Area No. 70, Improvement Zone C was formed on August 24, 1971. The County commenced administration, maintenance and operations of the water system in February 1975. A summary

of its revenues, expenditures, and fund balances for the fiscal years 1973/74 through 1977/78 is presented in the following table.

Table 3**COUNTY SERVICE AREA NO. 70 - IMPROVEMENT ZONE C****Summary of Revenues, Expenditures and Fund Balances**

Fiscal Year	1973/74	1974/75	1975/76	1976/77	1977/78
Beginning Fund Balance as of July 1	\$ 9,054	\$37,600	\$38,099	\$30,183	\$38,397
REVENUES					
Property Taxes					
Current Secured	41,108	26,144	9,652	-	-
Current Unsecured	106	1,100	465	215	-
Prior Taxes	159	4,471	467	77	(18)
State Property Tax Relief	4	2	4	10	-
Other	-	-	104	2,511	3,202
Water Sales	-	-	8,015	15,247	19,403
Total Revenues	<u>\$41,377</u>	<u>\$31,717</u>	<u>\$18,707</u>	<u>\$18,060</u>	<u>\$22,587</u>
EXPENDITURES					
Operating Expenditures	5,331	718	20,157	23,545	39,787
Capital Outlay/Reserves	<u>7,500</u>	<u>30,500</u>	<u>6,464</u>	<u>(13,699)</u>	<u>-</u>
NET REVENUES	— \$28,546 —	\$ 499	\$ (7,916)	\$ 8,214	\$(17,200)
Ending Fund Balance as of June 30	\$37,600	\$38,099	\$30,183	\$38,397	\$21,197

Source: San Bernardino County Auditor-Controller.

Major Taxpayers

The largest taxpayers in Tax Code Area 78005 and the 1978/79 secured tax levy included: Southern California Edison Co. \$26,475.02; Southwest Gas Corporation \$5,191.16 and Continental Telephone Co. \$22,867.32.

Southern California Edison Co., Kaiser Steel Corp. and General Telephone Co. are the largest taxpayers in San Bernardino County. Taxes levied on the County's ten largest taxpayers for the 1978/79 tax year are shown in the following tabulation.

SAN BERNARDINO COUNTY**Major Taxpayers 1978/79**

Taxpayer	Business	Taxes Levied ¹
Southern California Edison	Utility	\$7,320,482.22
Kaiser Steel Corporation	Manufacturer	6,183,455.24
General Telephone Company	Utility	2,875,091.68
Kerr McGee Corporation	Manufacturer	2,768,302.36
Pacific Telephone & Telegraph	Utility	1,537,894.30
Southern Gas Company	Utility	1,528,045.14
Continental Telephone Company	Utility	1,176,494.08
Southern Pacific Transportation Company	Transportation	1,175,907.48
Atchison Topeka & Santa Fe Railway	Transportation	1,141,809.78
Pacific Gas & Electric	Utility	566,698.34

¹ Total property tax levied for county, city, schools, and special districts.

Source: San Bernardino County Tax Collector.

Employment Retirement

San Bernardino County employees are covered under the Fixed Formula Retirement Plan which became effective July 1, 1964. The management of the San Bernardino County Employees Retirement Association is vested in the Board of Retirement, consisting of nine members and one alternate member. One member is the County Treasurer. Four members are appointed by the Board of Supervisors, one of whom is usually a member of the Board of Supervisors and three of whom are persons independent of County government. Two members are elected by and represent general members. One member is also elected by and represents the safety members, and the retirees. The alternate member is elected by and represents safety members.

Administrative functions of the Retirement Association are carried out under the direction of the Chief Retirement Clerk, who has a staff of six. Presently there are about 7,300 members in the Retirement Association of which approximately 87 percent are classified as "general" or "regular" members (management, administrative, staff, operational and clerical employees). "Safety" members (principally fire and law enforcement personnel) constitute about 12 percent of the membership. The remaining one percent are "special district" employees with social security benefits.

General members were also under the Social Security System until January 1, 1976. Safety members have never been under Social Security. The only members of the retirement system remaining within the Social Security System are some special districts employees.

Every County employee occupying a regular position becomes a member of the Retirement Association on the first day of the payroll period next following the date of the member's appointment.

General and safety members with 10 years of service who have attained age 50 are eligible to retire. Safety members with 20 years of service or general members with 30 years of service, regardless of age, are eligible to retire. Retirement is compulsory, except in the case of elected officials, on the first day of the month following that in which a member attains the age of 70. Compulsory retirement age for safety members is 60.

The annual reports for the association are prepared by the Retirement System Manager and his staff. The San Bernardino Auditor-Controller conducts an annual audit. The audit of the 1978 annual

report is currently underway and the figures for the year ending December 31, 1978 are unaudited.

Towers, Perrin, Forster & Crosby, Inc. is the independent actuary for the Association. An actuarial investigation and valuation covering the period July 1, 1973 to June 30, 1976 was completed as required under Section 31453 of the Government Code of the State of California.

The retirement plan funding is by employer and employee contributions together with investment income. On April 1, 1979 Pacific Consulting and Security Pacific National Bank were retained to manage the investment of all retirement funds. The contributions by San Bernardino County for the 1977 and 1978 calendar years were \$12,403,063.48 and \$13,544,660.30, respectively.

The annual report lists total assets of the association for the year ending December 31, 1977 as \$176,048,946.84. The total assets as of December 31, 1978 based on an unaudited report are reported to be \$202,850,011.90. According to the actuarial investigation, the total assets as of June 30, 1978 were \$140,527,264.55. Based upon this figure, the assets equalled 69.5 percent of the value of accrued benefits.

There were two basic changes made in the actuarial valuation from previous studies. First, the actuarial cost method used was changed from the "aggregate cost method" to the "entry age normal cost method". The entry age normal cost method funds the unfunded supplemental present value over a thirty year period. Since thirty years is greater than the average employee's tenure, contributions on this basis are generally lower than the aggregate cost method contributions. Second, the actuaries assumed that the salaries of employees will increase in the future at a rate of 3½ percent per annum, compounded annually.

The actuarial report included two recommendations concerning contribution rates. The first was based on an assumed contribution by the County of the entire burden of the 3½ percent salary scale, and the second applying the 3½ percent salary scale to both employer and employee contribution. It was further recommended that if County Counsel were to determine that there was no legal obstacle to using an inflationary 3½ percent salary scale in determining employee contributions, it should be done. The opinion of County Counsel is that there are no legal obstacles and in fact there is a legal obligation to apply it to employee contributions under Sections 31621.3, 31621.6 and 31639.25 of the Government Code of the State of California.

The actuarial report indicates that the total supplemental present value of all cost of living increases granted through June 30, 1976 was \$18,510,719.00. There was on that date a balance of \$404,759.00 in the cost of living reserve account, leaving an unfunded balance of \$18,206,960.00. The actuaries recommended that all available surplus, the amount in excess of one percent of the assets of the fund (\$11,935,639.00), be transferred from the surplus account to the cost of living reserve account, leaving an unfunded balance of \$6,271,321.00 to be funded through the County's contribution rate. This transfer has been made. Included in the present County contribution rate is 1.26 percent of compensation of general members and 1.89 percent of compensation of safety members for the cost of living reserve. The recommended contribution rates for the cost of living reserve are 1.27 percent and 1.95 percent respectively.

The following changes in the interest assumption rate and contribution rates, in accordance with the independent actuary's recommendations, were approved by the Board of Supervisors to be effective on

July 2, 1977, the first pay period of fiscal year 1977/78: (1) the interest assumption rate was set at 5½ percent; (2) the County's contribution for general members under Section 31676.15 of the California Government Code was set at 13.13 percent of compensation; (3) the special district's contribution for general members under Section 31676.11 of the California Government Code was set at 12.72 percent of compensation; (4) the County's contribution for safety members under Section 31664 of the California Government Code was set at 19.97 percent of compensation; (5) the employee contribution rates for general members under Section 31676.15 and 31676.11 of the California Government Code and safety members under Section 31664 of the California Government Code was set as recommended by the Board of Retirement.

Direct and Overlapping Bonded Debt

Following is a statement of direct and estimated overlapping bonded debt for CSA 70, Improvement Zone C.

Table 4

COUNTY SERVICE AREA NO. 70 IMPROVEMENT ZONE C

Statement of Direct and Estimated Overlapping Bonded Debt

Parcels sold		3,073
1978/79 Assessed Valuation		\$ 9,726,830
1978/79 Market Value ¹		\$38,907,320

Entity	Percent Applicable	Estimated Debt Applicable May 21, 1979 ²
Victor Valley Joint Union High School District	2.94	\$ 41,601
Victor Valley Community College District	2.94	19,845
CSA 70, Improvement Zone B	100.	1,550,000
Estimated Overlapping Bonded Debt	-	\$1,611,446
CSA 70, Improvement Zone C	100.	500,000
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	-	\$2,111,446

	Ratio		
	Assessed Valuation	Market Value	Per Parcel
1978/79 Assessed Valuation	-	-	\$3,165
Net Direct Debt	5.14%	1.29%	163
Total Direct and Overlapping Debt	21.71	5.43	687

¹ Under California law, property is assessed at 25 percent of the 1975/76 full cash value, except in the case of newly constructed property or property which undergoes a change of ownership, which properties are assessed as of the date of construction or of change in ownership; thereafter, assessed valuations are increased by two percent per year to reflect inflation.

² Excludes Improvement Zone C share of San Bernardino County Building Authorities Bonds and County 1915 Act bonds.

ECONOMIC DATA

San Bernardino County

San Bernardino County, covering 20,160 square miles, is the largest county in the 48 contiguous states and encompasses more land area than the four states of Delaware, Massachusetts, New Jersey and Rhode Island combined. The County borders Los Angeles and Kern Counties on the west, Arizona and the Colorado River on the east, Inyo County on the north, and Riverside County on the south.

The County is composed essentially of three geographical regions—valleys, mountain, and desert. The Mojave Desert, in the northern and eastern portions comprises over 90 percent of the County area. The San Bernardino Mountains occupy the southwest portion. Elevations within the County range from 11,502 feet at San Geronio Peak to 181 feet at Saratoga Springs in Death Valley.

Even though a large part of the County consists of publicly-owned land, the economic base is varied. Agriculture produced over 386 million dollars worth of farm products in 1978. A number of large industries are located in the area. The County is a western railroad center for three transcontinental lines and includes two large and modern marshalling yards. The County also has one of the largest airport facilities in Southern California at Ontario. Highways within the County comprise an integral part of the state's major highway and freeway system and of the federal interstate system.

San Bernardino County was created on April 23, 1853. A three-member elected Board of Supervisors became the county government body in 1855. Later the Board was expanded to five members. The County is divided into five supervisorial districts which are apportioned by population, and each supervisor is elected by the voters of his own district.

The Board of Supervisors governs the operation of eight agencies and nearly 50 County departments. The Board of Supervisors is also the governing body for more than 100 special districts and improvement zones which were formed to provide local services.

Climate

Climatic conditions in San Bernardino County vary with the topography. In the valley region, average high and low temperatures range from 96 and 57 degrees in July to 67 and 37 degrees in January. The annual rainfall averages 15 inches, most of it occurring during the winter months.

In the mountains, a four-season climate is found, except that extremes are moderated by the combined influence of sea breezes from the west and warm dry desert air from the east. Average high and low temperatures range from 78 and 44 in July to 42 and 16 in January. The yearly rainfall in the foothill areas averages 23 inches. Snowfall at higher elevations averages 40 inches.

Population

The County's population increased by 35.3 percent from 1960 to 1970, almost seven percent higher than the Southern California region during the same period. San Bernardino currently ranks sixth in population among the state's 58 counties. Nearly a quarter of County residents live in the two major valley cities of San Bernardino and Ontario. San Bernardino is the County seat and has a population exceeding 103,600. It is located 59 miles east of Los Angeles and 110 miles northeast of San Diego. Ten other cities in the County each have populations over 10,000.

In July 1978 the County had 772,600 inhabitants according to an estimate by the State Department of Finance. Largest percentage gains in population have been in the unincorporated and semi-rural areas of the County.

The following tabulation shows the population growth in the County since 1940.

Employment

Government, trade, manufacturing and services are the principal sources of jobs in the County. Approximately 25 percent of all employed civilians work for government agencies. Of this group, over 84 percent work in state and local government, with the remainder holding positions in federal service.

Trade and services have been the most rapidly expanding industry groups. While wholesale trade averages a minor part of total employment in the trade category, it supports a large wholesale distributing center in the inland area due to the County's concentration of rail transportation and agricultural and mining resources.

Retail trade jobs have been increasing as a result of new shopping centers opening in both the smaller communities and the larger cities. Retail jobs account for over 87 percent of the total employment in the trade category.

In manufacturing, durable goods plants account for almost three-fourths of all factory workers. Primary metals and transportation equipment report the largest aggregate payrolls in the manufacturing sector, followed by the stone-clay-glass industries.

The State Department of Employment Development combines San Bernardino County with Riverside County for the purposes of reporting current employment in the Riverside - San Bernardino - Ontario Metropolitan Area.

The following tabulation summarizes employment patterns by major category in this Metropolitan Area, taken from the most recent quarterly returns of private employers and government entities reporting payroll taxes. As of March, 1979 total civilian employment in this two-county area was 562,600 compared with 555,600 in March, 1978.

RIVERSIDE-SAN BERNARDINO-ONTARIO LABOR MARKET AREA

Civilian Employment by Industry ¹

Industry	March 1978	March 1979
Manufacturing	62,300	66,300
Construction	23,800	28,400
Transportation, Communications & Utilities	20,800	22,500
Trade	96,100	103,300
Finance, Insurance & Real Estate	16,200	17,300
Services	83,400	88,800
Government	99,600	98,400
Agriculture, Forestry, Fisheries .	21,600	20,700
Mining	2,500	2,400
Total	426,300	448,100

¹ Excludes employers, own-account workers, unpaid family workers, and domestic servants.

Source: California Department of Employment Development.

SAN BERNARDINO COUNTY

Population Growth

Census	Population	Percent Increase
1940	161,108	-
1950	281,642	74.8%
1960	503,591	78.8
1970	682,233	35.5
1977 ¹	731,600	7.2
1978 ¹	772,600	5.6

¹ Population estimate as of July 1 — California State Department of Finance;

Source: U.S. Census Bureau.

The following tabulation shows a summary from 1972-1978 of the civilian labor force, employment and unemployment for the Riverside-San Bernardino-Ontario Labor Market area. The statistics are based upon the number of people residing within the Labor Market Area even though they may not work within the area. The figures also include employers, own-account workers, unpaid family workers and domestic servants. The figures shown are the yearly averages for the periods stated.

RIVERSIDE-SAN BERNARDINO-ONTARIO LABOR MARKET AREA

Civilian Labor Force, Employment and Unemployment

Year	Labor Force	Total Employed	Total Unemployed	Unem- ployment Rate ¹
1972	441,000	409,000	32,000	7.3%
1973	458,000	427,000	31,000	6.8
1974	486,000	444,000	42,000	8.6
1975	482,000	435,000	47,000	9.8
1976	485,000	437,000	48,000	9.9
1977	491,000	450,000	41,000	8.4
1978	550,800	512,000	38,800	7.1

Source: California Employment Development Department.

RIVERSIDE-SAN BERNARDINO-ONTARIO LABOR MARKET

Selected Major Employers

Employer	Product/Service	No. of Employees
<u>MANUFACTURING EMPLOYMENT:</u>		
American Telecommunications	Telephones, molds	440
Ameron Steel Producing Division	Reinforcing bar, wire, mesh	600
California Portland Cement Co.	Cement	338
Freightliner Corp.	Truck manufacturing	750
General Electric Co.	Electrical equipment	1,100
General Electric Co.	Aircraft overhaul	487
Inspiron	Respiratory care	250
Kaiser Cement & Gypsum Corp.	Cement	332
Kaiser Steel Corp.	Iron and steel	7,950
Kaiser Steel Metal Products Division	Steel plate/pressure vessels	700
Kerr-McGee Chemical Corp.	Minerals and chemicals	1,100
Lockheed Aircraft Service Co.	Aircraft products	900
Matich Corp.	Asphalt materials	225
National Can Corp.	Metal containers	350
Parco-Plastic & Rubber Products	Plastic & rubber products	365
Phototron Co.	Photofinishing	350
Richton Sportswear, Inc.	Sportswear	266
Southwestern Portland Cement Co.	Cement	400
Sunkist Growers, Inc.	Citrus products	700
Sun Co. of San Bernardino, Inc.	Publishing	425

NON-MANUFACTURING EMPLOYMENT:

California State College, San Bernardino	State College	525
Central City Mall	Regional shopping center	3,000
City of San Bernardino	City Administration	1,777
City School System	Unified School System	3,000
General Telephone Company	Communications	400
Inland Center Mall	Regional shopping center	2,500
Loma Linda University and Hospital	University and hospital	5,200
Norton Air Force Base	Military	11,000
Pacific Telephone Company	Communications	800
San Bernardino County	County Administration	7,000
San Bernardino Valley College	Community College	700
Santa Fe Railroad	Transportation	3,000
Southern California Edison Co.	Electrical - utility	600
Southern California Gas Co.	Gas - utility	350
Southern Pacific Railroad	Transportation	1,300
TRW Systems	Research/program management	750

Sources: San Bernardino Economic Development Department, Riverside County Department of Development and San Bernardino Area Chamber of Commerce.

Industry

The San Bernardino County Industrial Directory lists over 708 fabricating, manufacturing, and processing firms ranging in size from less than 10 employees to more than 1,000 employees.

The County's metal industry is dominated by Kaiser Steel Corporation at Fontana, site of the largest integrated steel mill west of the Mississippi, with a rated capacity in excess of 3,400,000 tons. Four Kaiser fabricating plants and the steel mill employ 9250 people. Many related metal fabricating plants are also located in the area. There are 26 primary metal companies and 92 fabricating companies in San Bernardino County.

Transportation equipment is the next largest industry and includes manufacturers of mobile homes and trailers, fiberglass parts, truck trailers and automobile parts, and aircraft maintenance.

Producers of stone, clay, and glass products account for a substantial share of industrial employment and payrolls in the County. Leaders in this category are cement and its numerous end products.

Another major industry is food processing, particularly citrus fruits in canned, frozen, and concentrated forms. The largest firm in this sector is the Orange Products Division of Sunkist Growers, Inc. Located in Ontario, the firm employs over 700 people.

Other industries contributing to increasing industrial employment in San Bernardino County are machinery, electrical equipment, printing and publishing, furniture and fixtures, and chemicals.

Minerals

The County's leading mineral product is cement. There are four cement plants in the County.

The Mountain Pass District of the County has provided the largest deposit of high-grade rare earth minerals in the western hemisphere, including deposits of both primary and secondary uranium ores.

Kerr-McGee Chemical Corporation, one of the largest taxpayers in the County, has added a new plant to its facilities in Trona for expanded production of soda ash and salt cake. Annual production

of one million tons is being boosted to 2,300,000 tons. The cost of the expansion of 1100 workers at the plants now in operation. Kerr-McGee 1978 annual payroll was approximately \$30 million.

Agriculture

Commercial farm production for San Bernardino County in 1978 had a gross production value of more than \$386 million. This was an all-time high and 7.8 percent greater than 1977, also a record year. Nineteen commodities have an annual valuation in excess of \$1 million, as reflected in the tabulation shown below.

SAN BERNARDINO COUNTY

Million Dollar Crops in 1978

1. Milk	\$222,283,000
2. Eggs	58,072,000
3. Cattle and Calves	28,111,000
4. Nursery Products	10,709,600
5. Chicken Fryers	9,424,000
6. Alfalfa Hay	7,707,000
7. Navel Oranges	6,750,000
8. Valencia Oranges	6,148,000
9. Pullets	4,123,000
10. Grapes	3,781,000
11. Turkeys	3,405,000
12. Lemons	3,281,000
13. Sheep and Lambs	2,092,000
14. Grapefruit	1,430,000
15. Pasture-Permanent	1,368,000
16. Grain Hay	1,268,000
17. Apiary Products	1,226,000
18. Aquaculture Products	1,109,000
19. Hogs and Pigs	1,078,000

Source: San Bernardino County Agricultural Commissioner.

Milk and eggs are the leading farm products, accounting for 72 percent of total output. The County has 303 dairies and is the leading milk producing county in the nation. Gross values of agricultural production for the past six years are shown on the following page.

SAN BERNARDINO COUNTY

Value of Agricultural Production (\$000 omitted)

Commodity	1973	1974	1975	1976	1977	1978
All Crops	\$ 48,836	\$ 41,850	\$ 39,976	\$ 45,324	\$ 47,072	\$ 53,492
All Poultry	79,699	73,492	73,485	86,386	82,100	76,957
Other Livestock	134,916	176,098	194,488	210,846	228,866	255,790
Total	\$263,451	\$291,440	\$307,949	\$342,556	\$358,038	\$386,239

Source: San Bernardino County Agricultural Commissioner.

Building Activity

The following tabulation summarizes the value of building activity in San Bernardino County for the past six calendar years. As depicted in the tabula-

tion, residential and non-residential building declined in 1974 but has continued to increase since 1975. The total valuation in 1978 was \$997,019,000 which represents a 14 percent increase from the 1977 total.

SAN BERNARDINO COUNTY

Building Permit Valuations and New Dwelling Units

Calendar Year:	1973	1974	1975	1976	1977	1978
VALUATION (\$000 omitted)						
Residential:						
Single Family	\$112,789	\$ 91,903	\$185,659	\$382,444	\$658,939	\$615,184
Multiple Dwellings	26,568	10,009	8,207	7,888	36,977	117,068
Alterations	13,922	17,537	23,201	28,511	40,555	47,659
Non-Residential:						
Commercial	29,342	27,449	17,669	39,681	49,808	78,214
Industrial	11,644	10,394	38,472	14,655	26,547	42,143
Alterations	7,459	6,881	7,031	9,244	10,511	13,000
Other	42,010	33,295	30,833	33,129	53,882	83,751
Total Valuation	\$243,734	\$197,468	\$311,072	\$515,552	\$877,219	\$997,019
NEW DWELLING UNITS						
Single Family	5,190	3,473	5,192	10,008	15,746	13,786
Multiple Dwellings	1,962	634	494	472	2,243	5,151
Total Units	7,152	4,107	5,686	10,480	17,989	18,937

Source: "California Construction Trends", Security Pacific National Bank.

Military and Aerospace

Four major military installations are located in San Bernardino County, while two other facilities with headquarters in adjacent counties occupy portions of the County. Norton Air Force Base, near the City of San Bernardino, employs the largest military and civilian contingent in the County, and has

an impact on the local economy exceeding \$229 million annually, according to estimates of the local Chamber of Commerce. Norton Air Force Base is the headquarters for the Air Force Auditor General and Headquarters Inspector General. Also based at Norton is the Space and Missiles System's Organization in charge of the Minuteman Weapons System and the Ballistic Missile Weapons System.

George Air Force Base, near Victorville, with about 5,500 military and 500 civilian employees is the only Tactical Air Command installation on the West Coast. Over 100 F-4 and F-105 fighter aircraft are assigned including two squadrons of the sophisticated \$6 million F-4G Wild Weasel fighters.

The Marine Corps supply station near Barstow has the responsibility of storage, maintenance, repair, issuance and shipment of military materials to Marine Corps installations worldwide. Advantages of the base include its desert site with low humidity and rainfall and excellent transportation facilities. Another Marine Corps facility located at Twenty-nine Palms covers an area of 932 square miles, principally serving training functions for regular and reserve forces.

Portions of Edwards Air Force Base and the Naval Ordnance Test Station, China Lake, are located in the County. As of January, 1978, military installations in San Bernardino County had an estimated complement of 17,000 military and 6,400 civilian personnel.

The Goldstone Deep Space Communication Complex, located in the Mojave Desert about 45 miles from Barstow, has the intricate task of remote control of the spacecraft used in the U.S. unmanned lunar and planetary exploration performed by the Deep Space Network (DSN). The DSN is the first facility in the Free World specifically designed to control and collect data from spacecraft traveling millions of miles from earth. The DSN is operated for NASA under the direction of the Jet Propulsion Laboratory.

Income

The 1970 Census of Housing reported 212,021 occupied housing units in San Bernardino County with 63.7 percent owner-occupied and an average 3.3 persons per household. For the San Bernardino-Riverside-Ontario Standard Metropolitan Statistical Area (SMSA), these figures were 362,525 units with 63.8 percent owner occupied and 3.2 persons per household. The 1978 *Survey of Buying Power*, published by Sales & Marketing Management, reports the SMSA in fifth place in the State in 1977 for total number of households (472,500) and sixth statewide in effective buying income (\$7.437 billion). The median household income figure of \$13,701 for the SMSA compares with a figure of \$15,629 for the State.

The tabulation below summarizes effective buying income for San Bernardino County.

SAN BERNARDINO COUNTY

Effective Buying Income

Range	Percent of Incomes within Range			
	1972	1974	1976	1977
Under \$10,000	63.4%	44.2%	36.4%	33.3%
\$10,000-\$15,499	22.1	24.4	20.7	18.6
\$15,000-\$24,999	11.4	24.5	30.1	31.3
\$25,000 or more	3.1	6.9	12.8	16.8
Total	100.0%	100.0%	100.0%	100.0%
Total Effective				
Buying Income ¹	\$ 2,445	\$ 3,003	\$3,708	\$ 4,243
Median Income	\$10,757	\$11,177	\$13,298	\$14,495

¹ In billions.

Source: *Survey of Buying Power*.

Commerce

Taxable sales in San Bernardino County were over \$2.8 billion in 1977. This represents an increase of \$551 million over total taxable sales in 1976. The accompanying tabulations present a summary of taxable transactions in the County since 1972 and detail taxable sales for 1977.

SAN BERNARDINO COUNTY

Taxable Transactions 1972-78 ¹

(\$000 omitted)

	Retail Stores	Business & Personal Services	All Other Outlets	All Outlets
1972	\$1,115,231	\$48,395	\$309,352	\$1,472,978
1973	1,279,608	57,290	349,525	1,686,423
1974	1,354,669	60,928	408,244	1,823,841
1975	1,417,122	66,400	439,651	1,977,173
1976	1,726,263	75,388	541,685	2,343,336
1977	2,101,148	89,329	703,820	2,894,297
1978 ²	1,768,943	78,387	572,653	2,419,983

¹ Taxable transactions are computed from tax payments. Excluded are sales of food and home consumption prescription medicines, other nontaxable items, and taxable sales disclosed by board audits.

² First nine months only.

Source: California State Board of Equalization.

SAN BERNARDINO COUNTY

1977 Taxable Transactions by Type of Outlet (\$000 omitted)

Type of Business	Permits	Transactions
Retail Stores		
Apparel Stores	376	\$ 75,159
General Merchandise	236	357,131
Drug Stores	121	48,435
Food Stores	668	184,914
Packaged Liquor Stores ..	191	53,225
Eating & Drinking Places .	1,497	237,808
Home Furnishings, Appliances	581	95,857
Building Materials, Farm Implements	432	180,867
Automotive Dealers and Supplies	610	454,694
Service Stations	700	292,494
Specialty Stores	994	120,564
Retail Stores Totals ..	6,406	\$2,101,148
Business and Personal Services	2,298	89,329
All Other Outlets	9,688	703,820
Total All Outlets	18,392	\$2,894,297

Source: State Board of Equalization.

Transportation

San Bernardino County is served by three trans-continental railroads — Southern Pacific, Santa Fe, and Union Pacific. A 78-mile rail link from Palm-dale in northern Los Angeles County to Colton, just west of the City of San Bernardino was completed in 1967 and enables SP to bypass the Los Angeles Metropolitan area when freight is marked for other destinations. Extensive computerized switching operations have been developed at Bloomington. The Santa Fe has completed a similar improvement program at its yards in Barstow, in central San Bernardino County. The City of San Bernardino also receives passenger rail service from AMTRAK.

Four Interstate Highways traverse San Bernardino County. Interstate 10 crosses the San Bernardino Valley in an east-west direction. Interstate 15 goes north from Interstate 10 toward Las Vegas, Nevada. Interstate 40 runs easterly from Barstow into Arizona via Needles. Interstate 15E lies between Temucula in Riverside County and Devore in San Bernardino County where it joins Interstate 15.

SAN BERNARDINO-RIVERSIDE-ONTARIO STANDARD METROPOLITAN STATISTICAL AREA

1977 Ranking of Retail Sales Indicators ¹

Sales Category	Sales Volume	Rank
Automotive	\$836,594	30
Building Materials, Hardware	356,942	17
Drug Store	124,321	35
Eating & Drinking Place	409,994	30
Food Store	970,807	31
Furniture, Home Fur- nishings, Appliance Store	213,448	32
General Merchandise Store	754,954	27
Retail Sales	219,391	28
Retail Sales per Household	\$ 9,538	215

¹ Compared to the Nation's 300 SMSA's.

Source: *Survey of Buying Power*.

There are three U.S. Highways in the County — Route 66 in the valley, Route 95 in the eastern side of the County, and Route 395 in the western part. There are approximately 1,195 miles of highways in the state system within San Bernardino County. The County road system contains about 4,856 miles.

The County is provided with commercial air transportation by ten airlines serving Ontario International Airport, including one commuter airline. Golden West Airline connects Ontario International Airport with major carriers at Los Angeles International Airport. Ticket counters are maintained for major airlines in the Ontario Terminal. The airport averages 130-150 flights per day. During 1978, the airport handled 2,005,086 passengers and 8,957,772 pounds of air cargo. Within the County are 63 airport and heliport facilities including public-owned, private and military. There are approximately 1,200 aircraft currently registered in the County.

The County is served by over 600 trucking companies and numerous trucklines (ICC, radial and contract highway). Many of these maintain terminals in the County.

The County receives transcontinental bus service from Greyhound and Continental Trailways. Local bus service is provided by Omnitrans.

Education

Public education in San Bernardino County is administered by 18 elementary school districts, one high school district, 13 unified (K-12) school districts, and four community college districts. Total enrollment since 1972 in public schools is summarized in the following tabulation. Reduction in secondary grades enrollment in 1978 is due to the suspension of adult education classes.

Within the County are eight universities and colleges. In addition, there are five two-year community colleges located in San Bernardino, Yucaipa, Alta Loma, Victorville and Barstow. Loma Linda University is a coeducational complex of schools offering

undergraduate and graduate degrees including doctoral programs in varied academic and professional fields. The University of Redlands, a private liberal arts college granting baccalaureate and master's degrees, is known for its programs in the fields of business administration, education, music, chemistry, engineering, mathematics and physics. On the same campus is Johnston College, an experimental cluster college where students negotiate study contracts with their professors. California State College at San Bernardino, three miles east of San Bernardino, offers the Bachelor's degree in 28 majors, and Master's degree programs in education, English and history.

SAN BERNARDINO COUNTY

Total Enrollment in Public Schools

Grades K-14	1973	1974	1975	1976	1977	1978
Elementary (K-8)	113,616	111,339	111,146	111,599	113,896	114,473
Secondary	66,444	69,296	71,466	72,443	72,159	54,086
Community College	28,697	32,818	41,835	36,271	35,024	N.A.
Total	208,757	213,453	224,447	220,313	221,079	168,559

Source: County Superintendent of Schools.

Tourism and Recreation

The County has a wide variety of attractions for the visitor, and tourism is a growing segment of the local economy.

Principal tourist attractions in the desert area are Death Valley, Joshua Tree National Monument, and the restored ghost town of Calico. On the Colorado River, at the eastern end of the County, there are extensive boating facilities. Parker Dam, which forms Lake Havasu, the principal source of supply for the Metropolitan Water District of Southern California, is 50 miles south of Needles. The desert area also includes a number of guest ranches. In 1970, the Ontario Motor Speedway opened in western San Bernardino County, bringing major motor racing events to the Los Angeles area. Each year, thousands

of visitors attend the National Orange Show in the City of San Bernardino.

In the San Bernardino Mountains, well-known summer resorts and winter sports areas include Lake Arrowhead, which offers swimming, water-skiing, fishing, horseback riding, golf and an open-air skating rink. Green Valley Lake and the other mountain communities of Running Springs and Arrowbear Lake are located about 7 miles east of Lake Arrowhead. Other popular mountain areas include Big Bear Lake and the Crest Forest area. Resorts which are known for ski slopes as well as other recreational facilities include Snow Valley, Wrightwood, Mt. Baldy, Mill Creek and Barton Flats. The Mt. San Gorgonio Wilderness area attracts hikers, mountain climbers and bird watchers.

**NOTICE INVITING BIDS
ON \$500,000 GENERAL OBLIGATION BONDS
OF THE SAN BERNARDINO COUNTY SERVICE AREA NO. 70
FOR IMPROVEMENT ZONE C**

NOTICE IS HEREBY GIVEN that sealed proposals for the purchase of \$500,000 par value general obligation bonds of the San Bernardino County Service Area No. 70 will be received by the Board of Supervisors of the County of San Bernardino at the place and up to the time below specified.

TIME:	Monday, June 4, 1979 11:00 A.M.
PLACE:	Office of the Clerk of the Board of Supervisors, Second Floor 175 West Fifth Street San Bernardino, California 92415
MAILED BIDS:	Clerk of the Board of Supervisors County Civic Building 175 West Fifth Street San Bernardino, California 92415

OPENING OF BIDS: The bids will be received by the Clerk of the Board of Supervisors on June 4, 1979 at 11:00 A.M. in her office. The bids will be opened immediately following receipt and will be reported to the Board of Supervisors at its meeting that same day.

ISSUE: \$500,000 consisting of 100 Bonds, numbered A-1 to A-100, both inclusive, of the denomination of \$5,000 each, dated June 1, 1979, and designated "SAN BERNARDINO COUNTY SERVICE AREA NO. 70, IMPROVEMENT ZONE C, 1972 WATER BONDS, SERIES A".

MATURITIES: The Bonds will mature in consecutive numerical order on June 1, in each of the years and in the amounts as set forth in one of the following two schedules to be selected by the Board of Supervisors, in accordance with the Terms of Sale prescribed herein, following the opening of bids.

SCHEDULE 1

Year	Principal Amount	Year	Principal Amount
1980	\$10,000	1990	\$25,000
1981	15,000	1991	25,000
1982	15,000	1992	25,000
1983	15,000	1993	30,000
1984	15,000	1994	30,000
1985	15,000	1995	35,000
1986	20,000	1996	35,000
1987	20,000	1997	40,000
1988	20,000	1998	40,000
1989	25,000	1999	45,000

SCHEDULE 2

Year	Principal Amount	Year	Principal Amount
1980	\$20,000	1988	\$35,000
1981	20,000	1989	35,000
1982	25,000	1990	40,000
1983	25,000	1991	40,000
1984	25,000	1992	45,000
1985	30,000	1993	50,000
1986	30,000	1994	50,000
1987	30,000		

REDEMPTION: Bonds, issued in accordance with Schedule 1 or Schedule 2, maturing on or prior to June 1, 1989 are not subject to call and redemption prior to their fixed maturity dates. Bonds, issued in accordance with Schedule 1 or Schedule 2, maturing on or after June 1, 1990 are subject to call and redemption, prior to their fixed maturity dates, at the option of the Board of Supervisors of San Bernardino County, as a whole or in part in inverse order of maturity and number, beginning with the highest numbered Bond, on June 1, 1989 or on any interest payment date thereafter upon payment of a redemption price for each redeemable Bond equal to the principal amount of the Bonds so called for redemption plus a premium of one-quarter of one percent of such principal amount for each year or fraction of a year between the redemption date and the maturity date of the Bonds.

INTEREST: The Bonds shall bear interest at a rate or rates to be fixed upon the sale thereof, not to exceed seven percent (7%) per annum, payable annually on June 1, 1980 and semiannually thereafter on December 1 and June 1 in each year.

PAYMENT: The Bonds and the interest thereon will be payable in lawful money of the United States of America at the office of the Treasurer of San Bernardino County, State of California.

REGISTRATION: The Bonds will be coupon bonds registrable only as to both principal and interest.

PURPOSE OF ISSUE: The Bonds were authorized for the purpose of the acquisition, construction and financing of certain water facilities.

SECURITY: The Bonds are issued pursuant to Article 10, Chapter 2.2, Part 2 of Division 2, Title 3 (Sections 25210.1 et seq.) of the Government Code of the State of California, sometimes known as the County Service Area Law. For the purpose of paying the principal of and interest on the Bonds, of said County Service Area, said Law requires that each year at the time the Board of Supervisors fixes and levies taxes for county purposes, it shall also fix and levy that amount of taxes upon all taxable property within Improvement Zone C of said County Service Area which is required for the payment of the principal of and interest on any outstanding bonded debt of said County Service Area becoming due and payable before the annual levy and collection of county taxes. Such tax shall be annually levied and collected by the same officers and at the same time and in the same manner that all other county taxes are levied and collected. All such collections shall be paid into the County Service Area Bond Tax Fund for said County Service Area and shall be used solely for the payment of the principal of and interest on the outstanding Bonds of said County Service Area.

TERMS OF SALE

Selection of Maturity Schedule: All bids must specify either Schedule 1 (20 years) or Schedule 2 (15 years) as hereinabove set forth, and the Board of Supervisors shall select the maturity schedule under which the Bonds are to be issued at the time of award of the Bonds, PROVIDED, THAT NO BID SPECIFYING SCHEDULE 2 WILL BE CONSIDERED UNLESS COUNTY SERVICE AREA NO. 70 RECEIVES NO BIDS SPECIFYING SCHEDULE 1.

Interest Rate: The maximum rate bid may not exceed seven percent (7%) per annum, payable annually on June 1, 1980 and semiannually thereafter on December 1 and June 1 in each year. Each rate bid must be a multiple of 1/20 of 1%. No Bond shall bear more than one interest rate, and all Bonds of the same maturity shall bear the same rate. Each Bond must bear interest at the rate specified in the bid from its date to its fixed maturity date. Only one coupon will be attached to each Bond for each installment of interest thereon, and bids providing for additional or supplemental coupons will be rejected. The rate on any maturity or group of maturities shall not be more than two percent (2%) higher than the interest rate on any other maturity or group of maturities.

Award: The Bonds shall be sold for cash only. All bids must be for not less than all of the Bonds hereby offered for sale and each bid shall state that the bidder offers accrued interest to the date of delivery, the purchase price, which shall not be less than par, the interest rate or rates not to exceed those specified herein, and the premium, if any, at which the bidder offers to buy said Bonds. Each bidder shall state in its bid the total net interest cost in dollars and the average net interest rate determined thereby, which shall be considered informative only and not a part of the bid.

Highest Bidder: Subject to the limitations hereinabove set forth, the Bonds will be awarded to the highest responsible bidder or bidders considering the interest rate or rates specified and the premium offered, if any. The highest bid will be determined by deducting the amount of the premium bid (if any) from the total amount of interest which the County Service Area would be required to pay from the date of said Bonds to the respective maturity dates thereof at the coupon rate or rates specified in the bid, and the award will be made on the basis of the lowest net interest cost to the County Service Area. The purchaser must pay accrued interest from the date of the Bonds to the date of delivery, computed on a 360-day year basis. The cost of printing the Bonds will be borne by County Service Area No. 70.

Right of Rejection: The Board of Supervisors reserves the right, in its discretion, to reject any and all bids and, to the extent not prohibited by law, to waive any irregularity or informality in any bid.

Prompt Award: The Board of Supervisors will take action awarding the Bonds or rejecting all bids not later than twenty-six (26) hours after the time herein prescribed for the receipt of proposals; provided that the award may be made after the expiration of the specified time if the bidder shall not have given the Board of Supervisors notice in writing of the withdrawal of such proposal.

Place of Delivery: Delivery of said Bonds will be made to the successful bidder at the office of the Treasurer of San Bernardino County, County Civic Building, 175 West Fifth Street, San Bernardino, California, or at such other place as may be agreeable to the County Treasurer and the successful bidder. Payment for the Bonds shall be made in Federal Reserve Bank Funds, or other immediately available funds.

Prompt Delivery; Cancellation for Late Delivery: It is expected that the Bonds will be delivered to the successful bidder with 30 days from the date of award thereof. The successful bidder shall have the right, at its option, to cancel the contract of purchase if the Board of Supervisors shall fail to execute the Bonds and tender them for delivery within 60 days from the date herein fixed for the receipt of bids, and in such event the successful bidder shall be entitled to the return of the check accompanying its bid.

Form of Bid: Each bid, together with the bid check, must be in a sealed envelope, addressed to the Clerk of the Board of Supervisors, San Bernardino County, with the envelope and bid clearly marked "Proposal for San Bernardino County Service Area No. 70, Improvement Zone C, 1972 Water Bonds, Series A".

Bid Check: A certified or cashier's check on a responsible bank or trust company in the amount of \$10,000 payable to the order of the Treasurer of San Bernardino County, must accompany each proposal as a guaranty that the bidder, if successful, will accept and pay for said Bonds in accordance with the terms of its bid. The check accompanying any accepted proposal shall be applied on the purchase price or, if such proposal is accepted but not performed, unless such failure of performance shall be caused by any act or omission of the County Service Area, shall then be cashed and the proceeds retained by the County Treasurer for the benefit of said County Service Area. The check accompanying each unaccepted proposal will be returned promptly.

Change in Tax Exempt Status: At any time before the Bonds are tendered for delivery, the successful bidder may disaffirm and withdraw the proposal if the interest received by private holders from bonds of the same type and character shall be declared to be taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable or be required

to be taken into account in computing any federal income taxes by the terms of any federal income tax law enacted subsequent to the date of this notice.

Closing Papers — Legal Opinion: Each proposal will be understood to be conditioned upon County Service Area No. 70 furnishing to the Purchaser, without charge, concurrently with payment for and delivery of the Bonds, the following closing papers, each dated the date of such delivery.

(a) **Legal Opinion** — The opinion of O'Melveny & Myers of Los Angeles, California, Bond Counsel for County Service Area No. 70, approving the validity of the Bonds and stating that interest on the Bonds is exempt from income taxes of the United States of America under present federal income tax laws, and that such interest is also exempt from personal income taxes of the State of California under present state income tax laws. A copy of said opinion of O'Melveny & Myers, certified by the Clerk of the Board of Supervisors of San Bernardino County by facsimile signature, will be printed on the back of each Bond. No charge will be made to the purchaser for such printing or certification.

Non-Arbitrage Certificate — A certificate signed by an appropriate official of County Service Area No. 70 that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds.

(c) **Certificate re No Litigation** — A certificate signed by an appropriate official of County Service Area No. 70 to the effect that there is no litigation threatened or pending affecting the validity of the Bonds.

(d) **Signature Certificate** — A certificate signed by the Chairman, Treasurer and Clerk of the Board of Supervisors of San Bernardino County, showing that they have signed the Bonds, whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same.

(e) **Receipt** — The receipt of County Service Area No. 70 showing that the purchase price of the Bonds, including interest accrued to the date of delivery thereof, has been received by County Service Area No. 70.

(f) **Certificate re Official Statement** — A certificate signed by an appropriate official of County Service Area No. 70, acting in such person's official and not personal capacity, to the effect that at the time of the sale of the Bonds and at all times subsequent thereto up to and including the time of delivery of the Bonds, the Official Statement relating to the Bonds did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CUSIP Numbers: It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses of printing CUSIP numbers on the Bonds shall be paid by County Service Area No. 70, but the CUSIP Service Bureau charge for the assignment of said numbers shall be paid by the purchaser.

INFORMATION AVAILABLE: For details as to the items referred to in this Notice, prospective bidders are invited to examine the Official Statement and the Resolution pertaining to the Bonds. Any requests for such documents and other information concerning County Service Area No. 70 and this proposed financing should be addressed to:

Stone & Youngberg Municipal Financing Consultants, Inc.
Suite 2750
One California Street
San Francisco, California 94111
Telephone: (415) 989-2300

GIVEN by order of the Board of Supervisors of the County of San Bernardino, California, adopted May 21, 1979.

Andree Disharoon
Clerk of the Board of Supervisors of
the County of San Bernardino, California

STONE & YOUNGBERG

MUNICIPAL FINANCING CONSULTANTS, INC.

SUITE 2750 • ONE CALIFORNIA STREET
SAN FRANCISCO, CALIFORNIA 94111 • (415) 989-2300

1541 WILSHIRE BOULEVARD, LOS ANGELES, CALIFORNIA 90017 • (213) 483-1643

COPIES OF THE ENCLOSED OFFICIAL STATEMENT HAVE BEEN SENT TO INVESTMENT OFFICERS OF THE FOLLOWING INSTITUTIONS:

Acacia Mutual Life Insurance Company	Emmco Insurance Company
Aetna Life Insurance Company	Empire Mutual Insurance Company
Allendale Mutual Insurance Company	Employers Casualty Company
Allstate Insurance Company	Employers Group Associates
American Agricultural Mutual Insurance	Employers Mutual Liability Insurance Company of Wisconsin
American Employees Insurance Company	Employees Reinsurance Corporation
American Express Company	Equitable Life Assurance Society
American Family Insurance Group	Equitable Life Insurance Company of Iowa
American General Life Insurance Company	Farm Bureau Mutual Insurance Company
American Mutual Life Insurance Company	Farmers Insurance Group
American National Insurance Company	Farmers New World Life Insurance Company
American Re-Insurance Company	Fidelity & Deposit Insurance Company
American Republic Insurance Company	Fidelity Mutual Life Insurance Company
American States Insurance Company	Fidelity-Phoenix Insurance Company
Arkwright-Boston Manufacturers Mutual Insurance Company	First Catholic Slovak Union of the United States of America
Atlantic Mutual Insurance Company	Foremost Insurance Company
Automobile Club of Southern California	Franklin Life Insurance Company
Bankers Life & Casualty Company	General Accident Fire & Life Assurance Corporation, Ltd.
Bankers Life Company	General American Life Insurance Company
Bankers Life Insurance Company of Nebraska	General Insurance Company of America
Bankers National Life Insurance Company	General Reinsurance Corporation
Beneficial Life Insurance Company	Georgia International Life Insurance Company
Beneficial Standard Life Insurance Company	Government Employees Insurance Company
Boston Mutual Life Insurance Company	Great American Insurance Company
Business Men's Assurance Company of America	Great-West Life Assurance Company
Cal-Farm Insurance Company	Greater New York Mutual Insurance Company
California State Automobile Association	Guardian Life Insurance Company of America
California-Western States Life Insurance Company	Gulf Life Insurance Company
Cambridge Mutual Fire Insurance Company	John Hancock Mutual Life Insurance Company
Canada Life Assurance Company	The Hanover Group
Central Life Assurance Company	Hanover Insurance Company
Central National Insurance Company of Omaha	Hardward Mutual Casualty Company
Chicago Title & Trust Company	Hartford Accident & Indemnity Company
Chubb & Son, Inc.	Hartford Steam Boiler Inspection & Insurance Company
CNA Insurance Corporation	Highlands Insurance Company
Coastal State Life Insurance Company	Home Insurance Company
Colonial Penn Group	Homesteaders Life Company
Columbus Mutual Life Insurance Company	Imperial Life Assurance Company of Canada
Combined Insurance Company of America	Indiana Insurance Company
Connecticut General Life Insurance Company	Insurance Company of North America
Connecticut Mutual Life Insurance Company	Interstate Life & Accident Insurance Company
Continental Casualty Company	Jefferson Standard Life Insurance Company
Continental Insurance Company	Kansas City Life Insurance Company
Country Life Insurance Company	Kemper Insurance Group
Detroit Automobile Inter-Insurance Exchange	Keystone Insurance Company
Dodge & Cox	

(OVER)

Liberty Mutual Insurance Company
 Life Insurance Company of Georgia
 Life Insurance Company of Virginia
 Lincoln National Life Insurance Company
 Loomis, Sayles & Co., Inc.
 Lutheran Mutual Life Insurance Company
 Manhattan Life Insurance Company
 Metropolitan Life Insurance Company
 MFA Mutual Insurance Company
 MGIC Indemnity Corporation
 Minnesota Mutual Life Insurance Company
 Monarch Life Insurance Company
 Monumental Life Insurance Company
 Mortgage Guaranty Insurance Corporation
 Motors Insurance Corporation
 Mutual Benefit Life Insurance Company
 Mutual Life Insurance Company of New York
 Mutual of Omaha Insurance Company
 Mutual Service Casualty Insurance Company
 Mutual Trust Life Insurance Company
 National Automobile & Casualty Insurance Company
 National Farmers Union Life Insurance Company
 National Life & Accident Insurance Company
 National Life Insurance Company
 National Old Line Insurance Company
 Nationwide Life Insurance Company
 New England Mutual Life Insurance Company
 New York Life Insurance Company
 NN Corporation
 North American Life Assurance Company
 North Carolina Mutual Life Insurance Company
 The Northern Assurance Company of America
 Northwestern Mutual Insurance Company
 Northwestern Mutual Life Insurance Company
 Northwestern National Insurance Company
 Northwestern National Life Insurance Company
 Nuveen Bond Fund
 Occidental Life Insurance Company of California
 Ohio Life Insurance Company
 Ohio State Life Insurance Company
 Old American Insurance Company
 Pacific Mutual Life Insurance Company
 Pan American Life Insurance Company
 Peninsular Life Insurance Company
 Penn Mutual Life Insurance Company
 Pennsylvania National Mutual Insurance Company
 Peoples Life Insurance Company
 Philadelphia Investment Company
 Philadelphia Life Insurance Company
 Philadelphia Re-Insurance Company
 Phoenix Mutual Life Insurance Company
 Pilot Life Insurance Company
 Polish National Alliance of the U.S. of N.A.
 Preferred Risk Mutual Insurance Company
 Protective Life Insurance Company
 Provident Life & Accident Insurance Company
 Provident Mutual Life Insurance Company of Philadelphia
 Prudential Insurance Company of America

Reinsurance Corporation of New York
 Reliance Insurance Company
 Republic Insurance Company
 Reserve Insurance Company
 Reserve Life Insurance Company
 Rural Security Life Insurance Company
 Safeco Insurance Company of America
 St. Paul Fire & Marine Insurance Company
 Scudder, Stevens & Clark - New York
 Scudder, Stevens & Clark - Boston
 Security Benefit Life Insurance Company
 Security Life & Accident Company
 Security Mutual Casualty Company
 Sentry Group
 Society for Savings
 Southern Farm Bureau Casualty Insurance Company
 Southern Life & Health Insurance Company
 Southland Life Insurance Company
 Southwestern Life Insurance Company
 Standard Insurance Company
 State Automobile Mutual Insurance Company
 State Farm Mutual Automobile Insurance Company
 State Mutual Life Assurance Company of America
 Stuyvesant Life Insurance Company
 Sun Life Assurance Company of Canada
 Swett & Crawford
 Swiss Re-Insurance Company
 Tennessee Life Insurance Company
 Title Insurance & Trust Company
 Transamerica Insurance Company
 Transamerica Investment Counselors, Inc.
 Transamerica Title Insurance Company
 Transport Insurance Company
 Travelers Insurance Company
 Unigard Olympic Life Insurance Company
 Union Life Insurance Company
 United Benefit Life Insurance Company
 United Insurance Company of America
 United National Life Insurance Society
 United States Fidelity & Guaranty Company
 Utah Home Fire Insurance Company
 Volunteer State Life Insurance Company
 Washington National Insurance Company
 West Coast Life Insurance Company
 Western Fire Insurance Company
 Western & Southern Life Insurance Company
 Woodmen Accident & Life Company
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